

FISCAL NOTE

Bill #: SB0433

Title: Medicaid pilot program for individuals with developmental disabilities

Primary Sponsor: Lind, G.

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

| | <u>FY 2006 Difference</u> | <u>FY 2007 Difference</u> |
|--|--------------------------------------|--------------------------------------|
| Expenditures: | | |
| State Special Revenue | \$16,000 | \$16,000 |
| Revenue: | | |
| State Special Revenue | \$16,000 | \$16,000 |
| Net Impact on General Fund Balance: | \$0 | \$0 |

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill allows for a pilot program for the creation of savings accounts of unexpended general fund Medicaid funding for individuals receiving community-based waiver services from the Developmental Disabilities Program (DDP). These funds must be unexpended funds not used for the basic health and safety of the individual. The individuals must be eligible for a waiver under section 1915(c) of the Social Security Act, 42 U.S.C. 1396n(c). The individuals must spend the funding either on more additional waiver services or as necessary to reinforce their basic health and safety.
2. This bill provides for up to 50 individuals in the pilot program.
3. This bill provides that the individual may place up to one half of the money not needed for basic health and safety services in an individual waiver account established by the department. The individual waiver account must be used as Medicaid match authority that is not needed now, but will probably be utilized in the future to purchase additional Medicaid waiver services that are needed at that future date.
4. It is assumed that of the 50 individuals in the pilot program, 40 will have a balance in their allocation of funding from DDP. For purposes of this fiscal note it is assumed that the average balance will be \$800 per year for a total unexpended funds of \$32,000 (40 x \$800) per year. Half of this amount (\$16,000) will be transferred through a budgeted transfer or existing program authority from the general fund to individual

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(continued)

waiver accounts in each of FY 2006 and FY 2007. The individual waiver accounts will be established as state special revenue account.

5. The remaining balance (\$16,000) in the general fund will be used by DDP to provide services to other individuals not in this pilot program (\$32,000 - \$16,000 to individual savings accounts = \$16,000).
6. There is no additional general fund authority as a result of this bill. The general fund transferred to the individual waiver accounts (\$16,000) and the general fund used to provide services to other individuals (\$16,000) is from existing general fund authority as appropriated to the Developmental Disabilities Program.
7. This bill will delay to future years the use of funds saved to the individual waiver accounts. The associated matched federal expenditures will also be delayed. Therefore, the federal match authority for the money transferred to the individual waiver accounts will be needed in future fiscal years at the future federal match rate when funds in the individual waiver accounts are used.
8. The Federal Medical Assistance Percentage (FMAP) is 70.88 percent (state share is 29.12 percent) in FY 2006 and 70.14 percent (state share is 29.86 percent) in FY 2007.
9. The matching federal Medicaid authority is estimated to be \$38,946 in FY 2006 and \$37,583 in FY 2007.
 - a. $\text{FY 2006} - \$16,000 / .2912 = \$54,946 \times .7088 = \$38,946$
 - b. $\text{FY 2007} - \$16,000 / .2986 = \$53,583 \times .7014 = \$37,583$
10. Total estimated benefits costs would be \$54,946 in FY 2006 and \$53,583 in FY 2007. Of this, \$16,000 each year will be from the individual waiver accounts. There is no additional general fund authority as a result of this bill. Federal funds used to match the state special revenue funds from the individual waiver accounts will be from existing program authority to the Developmental Disabilities Program.
11. To provide an overview of the fiscal impact, it is assumed for the purposes of the below calculations that all the “saved” funding will be expended within the year “saved”.

FISCAL IMPACT:

| | <u>FY 2006 Difference</u> | <u>FY 2007 Difference</u> |
|--|-------------------------------|-------------------------------|
| <u>Expenditures:</u> | | |
| Transfers | \$16,000 | \$16,000 |
| <u>Funding of Expenditures:</u> | | |
| State Special Revenue (02) | \$16,000 | \$16,000 |
| <u>Revenues:</u> | | |
| State Special Revenue (02) | \$16,000 | \$16,000 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | |
| State Special Revenue (02) | \$0 | \$0 |

TECHNICAL NOTES:

All Medicaid waiver services are provided on an as needed basis. The legislature may wish to consider changing or striking the language in Section 1 (3) that states: “not needed for the basic health and safety of the individual or to reinforce basic health and safety services”.